¶1. (U) Sensitive But Unclassified. Contains Proprietary
Information.

¶2. (U) Summary: Okinawa's information technology (IT) sector
is breaking some new ground and represents a key sector in
the Prefecture's economy, as shown in emboff's recent visit.
Prefectural officials reported on successes attracting IT
investment, making it the second largest sector of Okinawa's
economy after tourism. A newly-opened education center
demonstrated some innovative programs to train local teachers
and students to incorporate IT and digital content better
into their educational programs. American firm Qualcomm
briefed on a test project that it and Japanese partner KDDI
are conducting to prepare a 2010 bid for a radio spectrum
license from the Ministry of Internal Affairs and
Communications to offer mobile digital broadcasting. End
Summary.

Okinawa Promotion of the IT Industry

¶3. (U) Okinawa prefecture has been promoting IT investment
for over ten years and officials we spoke with reported
positive results. Using both national and local funding,
Okinawa has aimed to attract investment, promote growth, and
create jobs in the IT sector. It has also recognized its
strengths, e.g., low costs, and sought to minimize its
geographic and infrastructure disadvantages. Measures have
included promoting training and R&D to improve local human
resources, improving local IT infrastructure, providing
incentives and support for larger firms to invest, as well as
nurturing local new ventures and targeting a range of related
industries to encourage a clustering of IT-related
businesses. One example of its infrastructure incentives,
the Okinawa government maintains a free trunk line to both
the Tokyo and Osaka metropolitan areas, thereby making calls
from users in Okinawa essentially local calls within both of
Japan's largest urban centers.

¶4. (U) Okinawa's reputation as a host to call centers may be
deserved -- the prefecture-provided list of recent IT
investments shows 45 new call centers established between
1996 and 2005 -- with other listed ventures including
software development, information services, data centers, and

content creation. The training and experience they bring, along with the concentration of firms in the sector, have also reportedly led to a sharp increase in local IT firms. The prefecture estimates there will be 24,500 local IT jobs in 2010, a more than 300 percent increase over the 6,000 jobs in 1997. Further, the promotion of IT has also helped diversify Okinawa's local economy. According to local officials, tourism remains Okinawa's largest sector contributing an estimated 10.3 percent to the gross regional product. The IT sector, which contributes roughly 5.7 percent, is now the second largest sector ahead of prefectural figures for the U.S. military contribution, which they list at 5.4 percent. Finally, these successes create the real possibility Okinawa could provide leadership for other parts of Japan seeking to develop or better integrate their own IT industries.

Applying IT in Education

¶5. (U) The American Chamber of Commerce in Japan (ACCJ) recently cited poor IT utilization as a challenge for Japan. The ACCJ singled out healthcare, government, and education as ripe to achieve both economic and social benefits with improved use of IT.

¶6. (U) Emboff and ConGen staff were given a tour of a new prefectural education center established to support better use of information and communications technologies in education. The facility includes classrooms and equipment both to train educators to use IT better in teaching and to schools' online activities and programs. The facility's director reported on efforts to make more online educational

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content and better integrate such materials into school curricula. They also demonstrated connecting local schools to distant counterparts, such as in the case of a local student who met her host family and school online before going on her exchange program and then kept in touch with her home school while she was away.

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Competing to Offer a New Mobile Broadcasting Standard
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¶7. (U) The telecommunications companies KDDI and Qualcomm are conducting tests in Okinawa in preparation for a launch of Qualcomm's MediaFLO, a digital content standard already in use in the U.S. They are using the test to gather data to support a future application for a nationwide license to deliver interactive digital content to remote devices.

¶8. (U) While the tests are local, and as a result the service will be available commercially first to Okinawans, the more important implications are for consumers throughout Japan. Japanese consumers already rely heavily on remote devices and ubiquitous Internet access, in some cases bypassing computers entirely and relying only on cell phones or other small devices to access digital content. For telecommunications services providers such use by customers, especially viewing video content, puts a heavy load on existing wireless networks. Service providers, therefore, want to shift some of the most popular content to another format and offload it from their primary networks. MediaFLO will also support a range of models or uses including content subscriptions, data services, interactive advertising, and value-added content such as sportscasts with accompanying sports or event information.

¶9. (SBU) The Ministry of Internal Affairs and Communications in 2010 will select licensees for a block of radio spectrum for multicasting (interactive broadcasting) to remote devices. The Ministry awards such licenses based on a detailed review of factors, including technical performance,

business plan, and financial backing; the documentation
required to support the application for a license is
extensive. Qualcomm advised only NTT DoCoMo and
KDDI/Qualcomm are currently conducting tests. Qualcomm
therefore does not anticipate that other competitors could
pull together a competitive bid.

¶10. (SBU) NTT DoCoMo is expected to apply to offer services
using a Japanese-origin standard ISDB-T (Integrated Services
Digital Broadcasting-Terrestrial), which Japan has promoted
abroad, in places such as South America. There had been
concern MIC might favor a domestic standard, but an MIC
advisory group reported May 25 its recommendation that the
Ministry adopt a pro-competitive and technology-neutral
position and allow two competitors and standards to offer
competing services.

¶11. (SBU) The Qualcomm and KDDI plan to continue testing
through the end of 2009. In 2010, MIC will award spectrum
licenses and providers will start network build-out and
commercial trials. The companies hope then to launch
commercial service around late summer of 2011, after Japan
completes its transition from analog to digital broadcasting.
 KDDI is budgeting approximately $4 billion to invest for the
network deployment, which it expects to recoup quickly with
savings resulting from the reduced load of data traffic
currently competing for bandwidth with voice traffic over its
network.

¶12. (U) ConGen Naha has cleared this message.
ZUMWALT